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## PRELIMINARY ANALYSIS OF REVENUE AND EXPENDITURE OF PROVINCIAL GOVERNMENTS

1950

(Fiscal years ended nearest December 31)

This statement is a preliminary analysis of revenue and expenditure of provincial governments for fiscal years ended nearest to December 31, 1950. In the case of Nova Scotia, the figures cover a twelve month period ended November 30, 1950, as in prior years, although its fiscal year end was changed in that year by extending it to cover a sixteen month period ended March 31, 1951. Future reports will, however, relate to the new fiscal period ending March 31 each year.

Provincial Public Accounts for the fiscal years covered are, in most cases, not yet available. Hence these preliminary figures are based primarily on other sources of information such as Provincial Estimates and Budget Speeches. Source materials are listed on pages 5 and 8.

In making use of these statistics it should be clearly understood that they purport to be only an estimate of what final tabulations will show when all provincial Public Accounts are available. Nevertheless they are considered to be sufficiently comprehensive and complete to indicate the general trend of provincial finance.

The basis followed in making these preliminary compilations is the same as that used for the final statistics. Reference should be made to previous reports in this series for detailed descriptions and other commentary, including coverage of data in relation to Public Accounts.

These figures for the year 1950-51 reflect some new sources of revenue and provisions for added services as well as major increases in established sources of revenue and functions of expenditure. A general sales tax, "Social Security Assessment", was introduced in Newfoundland being put into effect during the latter part of the year, and New Brunswick introduced a similar levy, "Social Services and Education Tax Act". Ontario introduced a levy during the year on logging profits which it is estimated will produce about \$1,000,000 revenue in a full year. The revenue from this source in the year 1950-51, is expected to realize \$500,000. Quebec expenditures provide \$5,600,000 to assist in defraying the losses resulting from the disastrous fires at Cabano and Rimouski, half of which is to be recovered from the Federal government. Manitoba has provided \$15,230,000 as a result of the Red River Valley Flood,

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Prepared by the Public Finance and Transportation Division.

\$12,500,000 of which is to be recovered from the Federal government.

Comparisons with preliminary figures published for the fiscal years ended nearest December 31, 1949 indicate that important increases in both revenue and expenditure have taken place during the year under review. Total net general revenue for 1950 is forecast herein as \$924,000,000 which is an increase of 11% over the preliminary figure of \$833,000,000 published for 1949. Total taxes increased from \$412,000,000 in 1949 to \$466,000,000 in 1950, or 13%, with most of this increase being accounted for by gasoline taxes and corporations income tax. Revenue from privileges, licences and permits rose from \$167,000,000 in 1949 to \$200,000,000 in 1950, or 20%, chiefly accounted for by increases in the revenue of the province of Alberta through the sale of Crown oil leases, rentals of Crown lands and royalties.

Total net combined general and capital expenditure (excluding debt retirement) increased during the same period from \$876,000,000 to \$962,000,000 or 10%. The cost of hospital care services rose from \$115,000,000 to \$133,000,000, or 16% and expenditure on social welfare went from \$81,000,000 to \$88,000,000, an increase of 10%. Provincial expenditure on education increased by \$21,000,000, or 13%, while the increase in natural resources and primary industries services is expected to be about \$19,000,000, or 32%.

An examination of total provincial government revenue and expenditure for the past five years reveals a steady climb in both. The following tables summarize this growth. Figures for 1949 and 1950 exclude Newfoundland to indicate the comparative trend for the other nine provinces.

NET GENERAL REVENUE

Millions of Dollars

	<u>1946</u> <sup>(a)</sup>	<u>1947</u> <sup>(a)</sup>	<u>1948</u> <sup>(a)</sup>	<u>1949</u> <sup>(b)</sup>	<u>1950</u> <sup>(b)</sup>
Taxes	165	287	363	402	464
Privileges, Licences and Permits	111	123	145	166	199
Liquor Profits	100	99	103	101	106
Total Net General Revenue	502	690	745	807	903
Total Liquor Revenue (c)	123	124	129	127	134

NET COMBINED GENERAL AND CAPITAL  
EXPENDITURE

Transportation and Communications	135	207	255	247	251
Health	56	78	102	130	150
Social Welfare	44	54	62	76	83
Education	88	124	142	153	174
Natural Resources and Primary Industries	46	60	75	56	75
Total Net Combined General and Capital Expenditure (excluding Debt Retirement)	487	656	796	849	934

(a) Revised.

(b) Preliminary.

(c) Includes profit from the sale of liquor, taxes, licences, permits, fines and other sundry revenue.



Total liquor revenue for 1950, as defined in the preceding table, follows:

<u>Province</u>	<u>\$'000's</u>
Newfoundland	2,100
Prince Edward Island	900
Nova Scotia	7,600
New Brunswick	5,500
Quebec	31,700
Ontario	39,700
Manitoba	7,100
Saskatchewan	9,200
Alberta	12,200
British Columbia	17,800
All provinces	<u>133,800</u>

#### EXPLANATORY NOTES

"Net General Revenue" is arrived at by first adjusting current or ordinary revenue to a gross basis and then deducting interest, institutional revenue and specified contributions from other governments which are offset against relative expenditures. Adjustments to the gross basis consist mainly of adding back revenue items which are deducted from expenditures and expenditure items which are deducted from revenues in the provincial accounts and by including, for comparative purposes, revenues of certain special funds and activities the operations of which in some provinces are not reflected in the main revenue accounts. The specified contributions from other governments referred to above are those which represent grants-in-aid and shared-cost contributions for specific services. These are deducted from expenditures to show the actual cost to the provinces of the service in question. General or unconditional fiscal subsidies such as those payable to the provinces by the Federal government under the B.N.A. Act and those payable under the Dominion-Provincial Tax Agreements, however, are not treated in similar fashion but remain as part of "Net General Revenue".

"Net Combined General and Capital Expenditure" includes, as the term implies, net general expenditure and net capital expenditure. The former is arrived at in the same fashion as explained for revenue. The latter represents expenditures through provincial capital accounts for the acquisition or construction of properties and equipment as well as public improvements such as highways, roads and bridges, less revenue items relating to such expenditures.

Transactions on account of loans and advances and other receivables and payables are, for purposes of these statistics, omitted from both the revenue and expenditure as the case may be, except for any such amounts which may have been treated as ordinary or current account transactions by the provinces. These latter are included as "non-revenue or surplus receipts" or "non-expense or surplus payments" in the detailed statistics

published. No attempt has been made to segregate the estimates for such transactions for this report as the volume is generally small and therefore relatively insignificant in relation to the overall totals.

Dominion Subsidies - These are payments by the Federal government to the provinces under the B.N.A. Act, and other special grants. All provinces receive subsidies based on (a) allowances for government (b) interest on debt allowances (except Newfoundland), and (c) allowances per head of population, and some receive special allowances such as the transitional grant to Newfoundland and the payments under the Maritime Provinces Additional Subsidies Act, 1942.

Dominion-Provincial Tax Agreement - Under the terms of the Dominion-Provincial Tax Rental Agreements Act, 1947, all provinces except Quebec and Ontario have agreed to refrain from levying personal income taxes, corporation income taxes, other corporation taxes and succession duties except under certain conditions outlined in the Act. In lieu of these taxes they receive a tax rental fee from the Federal government, which is shown in this report as revenue under "Dominion-Provincial Tax Agreement". This item excludes payments by the Federal government under clause 3 of the Agreement, being a 5% tax on corporations income levied by the provinces but collected by the Federal government. This item is shown as corporations income tax revenue. Clause 7 of the Agreement provides for payment of a portion of Federal revenue from corporation income tax based on income derived from the distribution of electrical energy, gas or steam in the province to which payment is made. Revenue from this source has been segregated in the accompanying revenue table.

Liquor Control Revenues - These arise from four sources, namely: profits from the operation of provincial wholesale vendors and retail outlets, item 25; privileges, licences and permit fees, part of item 17; taxes on the sale of liquor, item 8; and miscellaneous revenue, such as fines, penalties and confiscations arising from infractions of the Liquor Control Acts and Regulations, part of item 26. Estimates of total liquor revenues are given on page 3.

Other Revenue - Item 26 combines revenue from the following sources: sales and services, fines and penalties, and miscellaneous items not otherwise specifically provided for in the classification, as well as non-revenue and surplus receipts previously referred to.

Contributions to Municipalities - Expenditure item 19 consists of: Newfoundland - grants to the St. John's Municipal Council, annual grants to local schools and special assistance capital grants; Prince Edward Island - grant to City of Charlottetown in lieu of taxes and special grants to municipalities; Nova Scotia - payments to municipalities re Dominion-Provincial Agreement; New Brunswick - Subsidies to municipalities; Ontario - Railway tax distribution including amounts applied to cost of maintenance of patients in mental institutions, payments to counties and districts to assist in the cost of county and district assessors, and subsidies to certain municipalities; Manitoba - payments re Soldiers' Taxation Relief; Alberta - grants in lieu of taxes; British Columbia - share of sales tax collected by province under the Social Security and Municipal Aid Act. These payments are all in the form of general subsidies and shared-revenue contributions and have no relation to any particular municipal expenditure. All

other payments to municipal governments have been classified according to the nature of the expenditure to which the provincial payment was related.

Other Expenditure - Item 20 includes general government, protection of persons and property, recreational and cultural services, trade and industrial development, local government planning and development, and miscellaneous items of expenditure not otherwise specifically provided for in the classification, as well as non-expenditure and surplus payments previously referred to.

The following symbols have been used in the tables presented herein:

- to indicate nil
- .. to indicate figures are not available.

### SOURCES

#### Newfoundland

Estimates of Revenue and Expenditure for the Financial Year  
April 1, 1950 to March 31, 1951  
Budget Speech, May 9, 1951

#### Prince Edward Island

Estimates of Revenue and Expenditure for the Fiscal Year  
Ending March 31, 1951  
Budget Speech, March 26, 1951

#### Nova Scotia

Interim Statement of Ordinary Revenue and Expenditure for the  
Fiscal Year December 1, 1949 to March 31, 1951  
Interim Statement of Expenditures and Advances from Capital  
Account for the Fiscal Year December 1, 1949 to March 31, 1951

#### New Brunswick

Public Accounts for the Fiscal Year Ended October 31, 1950

#### Quebec

Budget Estimates, 1950-51  
Budget Speech, March 31, 1951  
Press report of interim statement of provincial treasurer  
for 12 months ended March 31, 1951

#### Ontario

Estimates of Ordinary Expenditure and Capital Payments for  
the Fiscal Year Ending March 31, 1951  
Budget Speech, March 6, 1951

(continued on page 8)



NET GENERAL REVENUE AND NET COMBINED GENERAL AND CAPITAL EXPENDITURE

PRELIMINARY

For Fiscal Years Ended Nearest December 31, 1950.

(Thousands of Dollars)

NO.	REVENUES BY SOURCE	N.F.L.D.	P.E.I.	N.S.
1.	Taxes			
2.	Corporations	-	-	-
3.	Income			
4.	Corporations	-	84 <sup>(a)</sup>	1,760 <sup>(a)</sup>
5.	Individuals (b)	-	13	-
6.	Property	-	1	102
7.	Sales			
8.	Alcoholic Beverages	-	206	-
9.	Amusements and Admissions	-	109	502
10.	Motor Fuel and Fuel Oil	1,250	915	6,590
11.	Tobacco	-	127	-
12.	General	712	-	-
13.	Other Commodities and Services	-	-	62
14.	Succession Duties	-	3 <sup>(b)</sup>	21 <sup>(b)</sup>
15.	Other	250	-	56
16.	Total Taxes	2,212	1,457	9,093
17.	Privileges, Licences and Permits	1,135	514	4,716
18.	Other Governments			
19.	Dominion Subsidies	8,040 <sup>(c)</sup>	657	2,005
20.	Dominion-Provincial Tax Agreement (f)	7,220	2,136	11,103
21.	Share Income Tax on Electric Power Utilities - Dominion	-	13	210
22.	Sub-Total Dominion	15,260	2,806	13,318
23.	Municipalities (g)	-	-	245
24.	Total Other Governments	15,260	2,806	13,563
25.	Liquor Profits	2,041	642	7,483
26.	Other Revenue	211	69	757
27.	TOTAL NET GENERAL REVENUE	20,859 <sup>(h)</sup>	5,488	35,612
NO.	EXPENDITURES BY FUNCTION	N.F.L.D.	P.E.I.	N.S.
1.	Transportation and Communications	5,754	2,717	21,004
2.	Health and Social Welfare			
3.	Health			
4.	Hospital Care	5,016	659	4,377
5.	Other	316	297	478
6.	Sub-Total Health	5,332	956	4,855
7.	Social Welfare			
8.	Aid to Aged and Blind Persons	1,120	429	2,599
9.	Aid to Unemployed and Unemployables	3,026	51	-
10.	Mothers' Allowances	1,318	57	1,451
11.	Other	462	46	511
12.	Sub-Total Social Welfare	5,926	583	4,561
13.	Total Health and Social Welfare	11,258	1,539	9,416
14.	Education	4,349	950	9,623
15.	Natural Resources and Primary Industries	1,337	268	2,605
16.	Debt Charges			
17.	Debt Retirement (from current account)	111	481	2,242
18.	Interest and Other Charges	-893 <sup>(k)</sup>	557	4,068
19.	Contributions to Municipalities	400	55	597
20.	Other Expenditure	5,902	860	3,529
21.	TOTAL NET COMBINED GENERAL AND CAPITAL EXPENDITURE	28,418	7,445	53,074
22.	Debt Retirement Included Above	-111	-481	-2,242
23.	TOTAL EXPENDITURE EXCLUSIVE OF DEBT RETIREMENT	28,307 <sup>(l)</sup>	6,964	50,832

(a) Collections by Federal government of 5% provincial corporation tax under terms of the Dominion-Provincial Tax Agreement. (b) Arrears. (c) Includes hospital tax on meals. (d) Includes hospitalisation tax. (e) Includes transitional grants \$6,500,000. (f) Excludes 5% provincial corporation tax. See footnote (a). (g) Nova Scotia - Highway Tax; Manitoba - Municipal Commissioner's levy.

NET GENERAL REVENUE AND NET COMBINED GENERAL AND CAPITAL EXPENDITURE

PRELIMINARY

For Fiscal Years Ended Nearest December 31, 1950.

(Thousands of Dollars)

N.B.	QUE.	ONT.	MAN.	SASK.	ALTA.	B.C.	TOTAL	NO.
-	12,316	11,395	-	-	-	-	23,711	1.
1,520 <sup>(a)</sup>	44,016	60,315	2,400 <sup>(a)</sup>	1,530 <sup>(a)</sup>	2,578 <sup>(a)</sup>	8,696 <sup>(a)</sup>	122,899	2.
-	-	-	10	-	3	-	26	3.
96	-	700	-	1,801	20	3,444	6,164	4.
-	1,200	-	-	-	-	-	1,406	5.
288	2,908	10,585	940	40	815	2,900	19,087	6.
5,732	37,130	64,500	5,540	7,500	11,609	13,350	154,116	7.
844	9,031	-	-	-	-	-	10,002	8.
2,293	32,810	-	-	9,600	-	27,000	72,415	9.
-	3,341 <sup>(c)</sup>	-	-	-	-	-	3,403	10.
5 <sup>(b)</sup>	13,007	15,500	15 <sup>(b)</sup>	-	101 <sup>(b)</sup>	75 <sup>(b)</sup>	28,727	11.
32	1,170	3,316	20	6,061 <sup>(d)</sup>	759	12,525 <sup>(d)</sup>	24,209	12.
10,810	156,929	166,311	8,925	26,552	15,885	67,990	466,164	13.
4,897	50,935	47,837	7,507	7,990	57,340	17,068	199,937	14.
1,632	2,739	3,155	1,750	2,072	2,063	1,003	25,116	15.
8,864	-	-	13,981	15,416	14,765	19,166	92,651	16.
146	..	615	225	43	767	991	3,210	17.
10,642	2,739	3,970	15,956	17,531	17,595	21,160	120,977	18.
-	-	-	614	-	-	-	859	19.
10,642	2,739	3,970	16,570	17,531	17,595	21,160	121,836	20.
5,459	20,806	27,812	5,315	9,066	11,300	17,630	107,556	21.
380	6,993	3,778	1,033	2,904	2,543	9,412	28,078	22.
32,188	238,404	249,706	39,350	64,043	104,663	133,258	923,571	23.
N.B.	QUE.	ONT.	MAN.	SASK.	ALTA.	B.C.	TOTAL	NO.
18,946	54,289	85,675	10,131	10,622	22,355	26,944	256,437	1.
2,911	33,356	27,478	4,576	17,505	9,536	27,521	132,935	2.
342	4,649	6,030	1,040	2,633	2,425	4,605	22,815	3.
3,253	38,005	33,508	5,616	20,138	11,961	32,126	156,750	4.
2,056	9,286	12,581	2,312	3,223	4,639	7,161	45,406	5.
-	-	2,746	325	1,073	936	4,785	12,944	6.
844	6,068	5,791	633	1,212	693	440	18,507	7.
139	2,506	2,906	717	1,589	494	2,227	11,596	8.
3,039	17,860	24,023	3,987	7,097	6,764	14,613	66,453	9.
6,292	55,865	57,531	9,603	27,235	18,725	46,739	244,203	10.
5,927	40,275	56,150	6,506	10,624	15,276 <sup>(1)</sup>	28,713	178,393	11.
2,803	27,696	15,921	3,845 <sup>(j)</sup>	5,357	7,239	9,261	76,350	12.
2,774	9,000	21,698	5,361	3,379	303	15,958	61,307	13.
5,124	11,653	19,768	1,377	3,819	3,385	7,214	56,262	14.
2,056	-	1,097	14	-	112	8,745	13,078	15.
2,066	35,225	45,110	6,814	7,678	7,951	22,550	137,685	16.
43,988	234,003	302,950	43,651	68,714	75,346	166,124	1,023,713	17.
-2,774	-9,000	-21,698	-5,361	-3,379	-303	-15,958	-61,307	18.
41,214	225,003	281,252	38,290	65,335	75,043	150,166	962,406	19.

(h) Excludes Financial Surplus Account transactions. (i) Includes \$2,000,000 under the School Borrowings Assistance Act. (j) Excludes capital payments on Pine Falls power development estimated at \$7,000,000. (k) Excess of interest revenue over interest expense and other debt service charges. (l) Consists of current account and net expenditure out of Financial Surplus Account on the extension of public services.



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- 8 -

Manitoba

Estimates of Expenditure and Revenue for the Fiscal Year  
Ending March 31, 1951  
Budget Speech, March 21, 1951  
Act to authorize the expenditure of moneys for  
Capital Purposes, 14 George VI

Saskatchewan

Estimates of Revenue and Expenditure for the Twelve  
Months Ending March 31, 1951  
Supplementary Estimates, for the Twelve Months Ending  
March 31, 1951  
Budget Speech, February 21, 1951  
Press report on hospital services

Alberta

Estimates of Revenue and Amounts to be Voted, for the Fiscal  
Year April 1, 1950 to March 31, 1951  
Budget Speech, March 5, 1951  
Report of the Provincial Auditor for Year Ended March 31, 1951

British Columbia

Estimates of Revenue and Expenditure, Fiscal Year Ending  
March 31, 1951  
Budget Speech, February 28, 1950  
Budget Speech, March 13, 1951